

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Plan's Third and Fourth)
Quarter 2017 Large Group HMO Rate Filing)

Docket #:
GMCB-06-17rr

MVPHP Health Care's Memorandum in Lieu of Hearing

MVP Health Plan (MVPHP) hereby submits this Memorandum requesting that the Green Mountain Care Board (GMCB) approve the rates as recommended by the Board's actuary, Lewis and Ellis (L&E). MVPHP agrees to accept the modifications recommended by L&E. MVPHP has also agreed to waive the hearing before the GMCB in this proceeding.

The present filing is the manual rate filing for MVPHP's large group HMO line of business. There are currently no groups enrolled in these plans. MVPHP has submitted this filing to keep the rates current in the event a group would choose to enroll in these products in the third or fourth quarter of 2017.

MVPHP has proposed an annual rate change for manually rated groups of 1.6% for 3Q and 2.2% for 4Q for medical and prescription drug coverage. For experience rated groups, MVPHP proposed an annual rate change of 7.4% for 3Q and 7.9% for 4Q for medical and prescription drug coverage. The manually rated group rates are composed of a manual rate change, an age/gender factor change and a change in retention. For experience rated groups the rates are composed of the experience rated trend and target retention.

L&E Recommendation

Because there are no members enrolled in these plans, at the request of the GMCB, L&E performed an abbreviated review of the filing. L&E recommends that the experience rated group rates be approved as filed. They recommend two modifications to the manually rated group rates. They recommend increasing the 3Q and 4Q manual rates by 1.25% to counteract the renormalization of the age/gender factors and maintain rates that are consistent with 2Q 2017 rates. They also recommend applying an additional increase of 0.3% to the 3Q 2017 manual rate and 0.6% to the 4Q 2017 manual rate to reflect MVPHP's current best estimates regarding cost trends and to be consistent with the proposed experience rating formula. These changes would increase the manually rated group rates to 3.2% for 3Q and 4.1% for 4Q rates. Otherwise they found the rate development methodology to be reasonable and appropriate, as well as MVPHP's administrative expenses. Of particular note, they recommended that the Board *NOT* reduce the 2% contribution to reserves because of the small size of the large group block, and concerns that a reduction could subject MVPHP to inherent volatility.

MVPHP's Response

MVPHP is willing to accept the L&E recommendations and requests that the GMCB approve the rates as recommended by L&E for the reasons stated in the L&E

opinion and the analysis contained in MVPHP's rate filing. MVPHP noted in its response to L&E's recommendations that it is willing to accept the risk inherent in its slightly lower manual rates as filed because there are no members enrolled in these products and it does not anticipate any members enrolling. In any event, MVPHP asks the Board not to make any further reductions as there is no evidence in the record that any component of the filing is inappropriate or unreasonable. L&E found that the filing was reasonable and appropriate after the two modifications described above. There is no support in the record before the Board for any further reductions.

s/ Susan Gretkowski
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June 9, 2017

Certificate of Service

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Judy Henkin, General Counsel to the Green Mountain Care Board, and Lila Richardson and Kaili Kuiper, Office of the Health Care Advocate, by electronic mail this 9th day of June, 2017.

s/ Susan Gretkowski
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